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**pulsehealth**

Investor Presentation  
September 2015

Presented by  
Phillipa Blakey, MD & CEO  
Mark Hays, CFO



# Pulse Overview

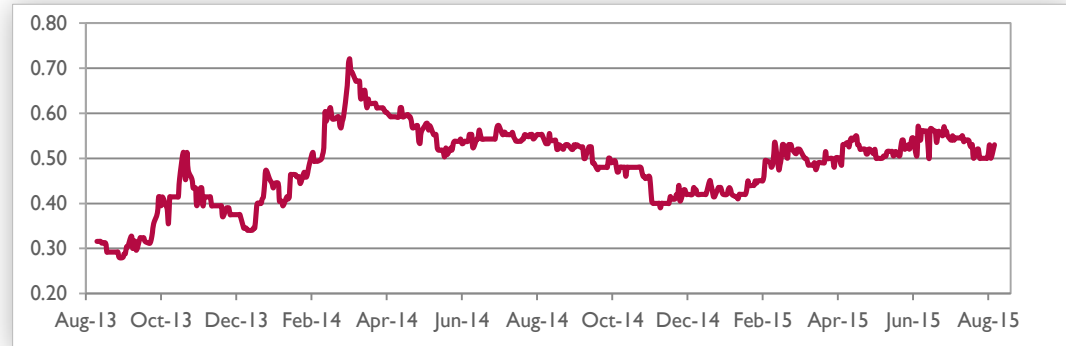
- Niche focus on **specialist hospitals** and **day surgeries**
  - Specialist surgical hospitals
  - Mental health hospitals
  - Rehabilitation hospitals
- Currently operating in QLD and NSW
- Seven **hospitals** and a **day surgery** centre
- New **Gold Coast Surgical Hospital** opened on 31 August 2015
- Growth via acquisition or development of specialist private hospitals and day surgery centres in Australia and New Zealand



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# Pulse Corporate Overview

## Share Price - 2yr



## Snapshot

ASX:PHG	
<b>Sector</b>	<b>Health Care</b>
Listed	Nov 2013
Dividend yield	1.2%
Dividend franking	100%
52 week high	\$0.57
52 week low	\$0.39

## Enterprise Value

EV Breakdown	Current
<b>Share Price \$</b>	<b>0.53</b>
Shares on Issue (m)	164.2
Mkt Cap (\$m)	87.0
Net Debt (\$m)	20.6
<b>EV \$m</b>	<b>107.6</b>

## Share Register at 11 August 2015

Ownership	
<b>Viburnum Funds</b>	<b>29.84%</b>
Commonwealth Bank of Australia Ltd	7.62%
Throvena Pty Ltd	6.67%
IOOF Holdings Limited	5.26%
Other	49.39%
<b>Total</b>	<b>100.00%</b>



# FY15 Achievements

- Acquisition of **The Hills Clinic**, Sydney. Beachhead into the mental health sector
- Development of **Gold Coast Surgical Hospital** opened on 31 August 2015
  - Specialist surgical hospital
  - 6 theatres, 24 in-patient ward
  - 16 chair day surgery unit
  - Most technically advanced theatres in QLD
- **Exit of non-core assets**
  - Sale and lease back of Gympie Private Hospital freehold for \$6.3m
  - Closure of South Burnett Private Hospital
  - Sale of North Coast Community Care



# FY15 Highlights

- Underlying **EBITDA growth of 41%**, to \$6.6m (includes 8 weeks contribution from The Hills Clinic)
- FY15 guidance (EBITDA growth from existing assets in excess of 20%) **achieved with 25.5% growth**
- More than **doubled Underlying Net Profit After Tax** to \$4.1m (FY14 \$1.85m)
- Final dividend of 0.3 cents per share fully franked, lifting the **total annual dividend to 0.6 cents** per share

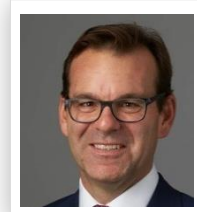


# Board & Executive



**Stuart James (Chairman)**

Chairman of Prime Financial Group Limited and Greencross Ltd, and non-executive director of Affinity Education Group Ltd.



**Craig Coleman (Non Executive Director)**

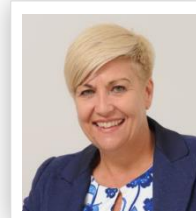
Non-executive director of investment company Wyllie Group Pty Ltd and Executive Chairman of associated fund manager, Viburnum Funds Pty Ltd.. Public company directorships: Bell Financial Ltd, Keybridge Capital Ltd and Chairman of Rubik Financial Ltd



**David Manning (Non Executive Director)**

35 years of healthcare management experience and co-founded Practice Development Associates that grew to become AmSurg, a NASDAQ listed US\$3.4b company

Executive Vice President and Chief Development Officer at AmSurg until December 2014.



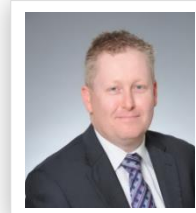
**Phillipa Blakey (Managing Director & CEO)**

Experienced healthcare executive with COO roles in NSW Health (10 hospitals across North Sydney and Central Coast) and the Amity Group. Previous CEO of Think Education, the higher education provider then owned by the Seek Group.



**Mark Hays (CFO)**

Chartered Accountant with CFO/Investment Director roles across a breadth of industries. Professional career started at Ernst & Young



**Matthew Mackay (COO)**

Senior management positions in public and private hospitals over the past 17 years. Previously General Manager of Surgery Centres of Australia.

Captain in the Australian Army, with multiple operational deployments in command positions to both Afghanistan and Timor.

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# Our NSW Hospitals

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## The Hills Clinic

Mental Health

59 beds and 7 consulting rooms

Attractive location in a growth area (North-West Sydney).

High utilisation - planning further brownfield expansion.



## Westmead Rehabilitation Hospital

Specialist rehabilitation

65 beds, hydrotherapy pool, gymnasium

Attractive location 3km west of Parramatta. Operates near capacity.

Plans well progressed for further brownfield expansion.



## Forster Private Hospital

Acute surgical, medical and rehabilitation

69 beds, 2 theatres, hydrotherapy pool, gymnasium

Only hospital in the Great Lakes local government area. Scope for improvement in utilisation, site has brownfield potential as demand grows.



## Bega Valley Private Hospital

Day surgery centre

Single theatre

Only private surgical facility in region.







# Our QLD Hospitals

## Eden Rehabilitation Hospital (Cooroy/Noosa)

Specialist rehabilitation

48 beds, extensive gymnasium

Operates at high utilisation, extensive capacity for brownfield expansion



## Gympie Private Hospital

Acute surgical and medical

40 beds (12 configured as a day surgery), 2 theatres

Surgical based hospital. Operates at low bed utilisation.



## Gold Coast Surgical Hospital

Specialist Surgical

6 theatres, 24 inpatient ward, 16 chair day surgery unit

Opened on 31 August 2015

Most technologically advanced theatres in Queensland



## Mackay Rehabilitation Hospital

Specialist rehabilitation

34 beds, gymnasium, hydrotherapy pool

Only specialist rehabilitation hospital in greater region.

Substantial brownfield potential as demand grows



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# Operating Environment

- **Private Health Insurance** coverage remains strong at 47.3% of the Australian population although exclusionary policies are growing as premiums rise
- **Federal Government** policies continue to support private health insurance membership via tax incentives
- Moves by health insurers to **shift adverse event risk onto providers** – reasonable as long as the adverse events are evidence based and providers are only expected to accept risks under their control
- **Ongoing demand growth** from
  - technology development
  - ageing population
  - public sector capacity and investment constraints



# Pulse Outlook

- Underlying FY16 EBITDA will be at least equal to the Pro Forma Underlying FY15 EBITDA of **\$10.2 million** announced by Pulse Health to the ASX on 6 July 2015
- Consistent with FY15 Pulse aims to make one or more **EBITDA positive acquisitions** of specialist hospitals in FY16, as opportunities prove to be suitable
- FY16 guidance excludes:
  - earnings from additional acquisitions
  - ramp-up losses associated with the Gold Coast Surgical Hospital
  - one off costs associated with Pulse's unsolicited bid for Vision Eye Institute Limited

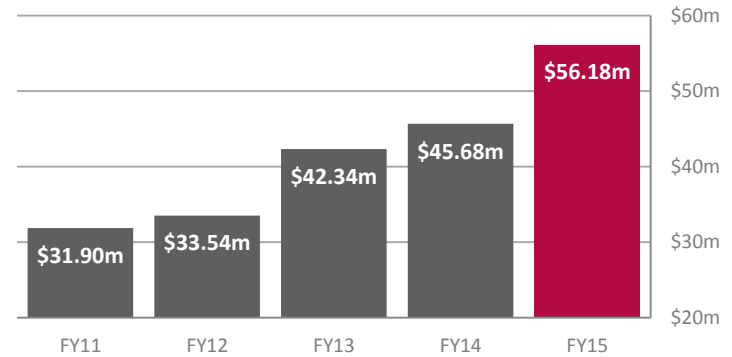


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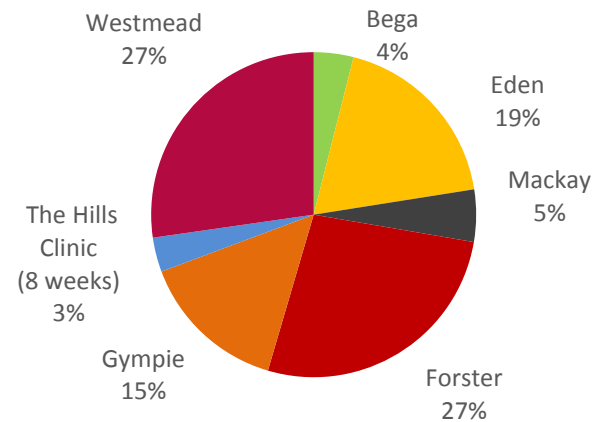
# FY15 Hospital Performance

## Hospital Revenue Growth (5YR CAGR)

▲ 12%



## Hospital Revenue Contribution



# Appendix – FY15 Financial Performance



## Profit & Loss (underlying)

(\$'000)	FY15	FY14	
<b>Revenue</b>	56,268	47,894	▲
Growth	20%	9%	
<b>EBITDA-R</b>	11,403	8,651	
Growth	32%	9%	
<b>EBITDA</b>	6,608	4,679	▲
...Margin	12%	10%	
Depreciation/Amortisation	1,000	760	
<b>EBIT</b>	5,608	3,919	
Finance Costs	(12)	(1,533)	
<b>Profit before tax (underlying)</b>	5,596	2,386	
Tax	(1,504)	(531)	
<b>NPAT (underlying)</b>	4,092	1,855	▲

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# Appendix – FY15 Financial Performance



## Cash flow

(\$'000)	FY15	FY14	
<b>Operating Cash flow</b>	<b>3,469</b>	<b>2,321</b>	<b>▲</b>
<u>Investing cash flows:</u>			
Acquisitions	(27,325)	(2,964)	
Capex – developments	(1,452)	(2,441)	
Capex - stay in business	(960)	(1,083)	
Interest received	130	98	
<b>Total investing cash flow:</b>	<b>(29,607)</b>	<b>(6,390)</b>	<b>▲</b>
<u>Financing cash flow:</u>			
Equity	170	28,552	
Dividends paid	(1,318)	-	
Debt (net)	23,770	(19,496)	
<b>Total financing cash flow</b>	<b>22,622</b>	<b>9,056</b>	<b>▲</b>
Change in cash & cash equivalents	(3,516)	4,987	
Opening cash balance	7,007	2,020	
<b>Closing cash balance</b>	<b>3,491</b>	<b>7,007</b>	

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# Appendix – FY15 Financial Performance



## Balance Sheet

\$ 000	FY15	FY 14	
Cash	3,491	7,007	▲
Other current assets	18,599	7,921	
PP&E	10,824	13,441	
Intangibles	61,037	34,388	
<b>Total Assets</b>	<b>96,099</b>	<b>62,757</b>	<b>▲</b>
Borrowings	24,111	333	
Payables, provisions and other	18,540	10,350	
<b>Total Liabilities</b>	<b>42,651</b>	<b>10,683</b>	
<b>Net Assets / Total Equity</b>	<b>53,448</b>	<b>52,074</b>	
NTA	(7,589)	20,439	
<b>NTA per share (cents)</b>	<b>(4.6)</b>	<b>12.5</b>	

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# Pulse

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